

Response to Questions on the Retirement System Review

Request By: Supervisor Foust

Question: How much savings would be realized each year from Package A and Package B?

Response: Package A and Package B, which were presented at the October 3, 2017, Personnel Committee meeting, would begin to generate savings in the Normal Cost of each retirement system as new employees are hired under the revised plan provisions. The savings would be minimal initially but would grow over time as the number of employees hired under the new plans increases. The table below provides the projected reduction in Normal Cost by fiscal year for Package A and Package B. The amounts are expressed in millions of dollars, and include Normal Cost reductions related to employees in all funds. These amounts also include projected growth in the County payroll as a result of annual employee compensation increases.

Projected Normal Cost Reduction by Year
(Normal Cost Reduction for All Funds in Millions)

Fiscal Year	Package A			Package B		
	Employees'	Uniformed	Police Officers	Employees'	Uniformed	Police Officers
2018	\$0	\$0	\$0	\$0	\$0	\$0
2019	0	0	0	0	0	0
2020	0	0	0	0	0	0
2021	(1)	0	0	0	0	0
2022	(1)	0	0	(1)	0	0
2023	(2)	(1)	0	(1)	0	0
2024	(3)	(1)	0	(1)	0	0
2025	(3)	(1)	(1)	(2)	(1)	0
2026	(4)	(1)	(1)	(2)	(1)	0
2027	(4)	(2)	(1)	(2)	(1)	(1)
2028	(5)	(2)	(1)	(3)	(1)	(1)
2029	(6)	(2)	(1)	(3)	(1)	(1)
2030	(6)	(3)	(2)	(3)	(1)	(1)
2031	(7)	(3)	(2)	(4)	(1)	(1)
2032	(7)	(3)	(2)	(4)	(2)	(1)
2033	(8)	(4)	(2)	(4)	(2)	(1)
2034	(9)	(4)	(3)	(5)	(2)	(2)
2035	(9)	(5)	(3)	(5)	(2)	(2)
2036	(10)	(5)	(3)	(5)	(2)	(2)

The Board's adopted retirement funding policy includes a commitment to not reduce the employer contribution rate of each system until the system reaches 100 percent funded status. As a result, under the current policy these Normal Cost reductions would not be realized until FY 2031 – 2033, when the systems are projected to be fully funded. This is shown in the tables below, which provide the Package A and Package B projected savings to all funds by year under the current retirement funding policy. For each retirement system, the projected total amount of employer contributions based on the current plan design is included in the first column, the projected total amount of employer contributions

after the proposed package of plan design changes is included in the second column, and the difference is included in the third column.

While the Normal Cost reductions would not result in immediate reductions in the employer contribution rates under the current retirement funding policy, they would allow the systems to reach fully-funded status earlier than currently projected. This is shown in the tables below as the employer contributions for each system are reduced to the normal cost earlier than they would under the current plan provisions. It should be noted that the large initial savings shown in FY 2031 – 2033 in the tables below are primarily the accelerated realization of the savings that will be generated when the unfunded liability is paid off.

Package A Projected Savings by Year
(Contributions from All Funds in Millions)

Fiscal Year	Employees'			Uniformed			Police Officers		
	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg A)	Diff.	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg A)	Diff.	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg A)	Diff.
2018	\$185	\$185	\$0	\$68	\$68	\$0	\$44	\$44	\$0
2019	203	203	0	70	70	0	47	47	0
2020	218	218	0	72	72	0	51	51	0
2021	228	228	0	74	74	0	52	52	0
2022	235	235	0	76	76	0	53	53	0
2023	241	241	0	78	78	0	55	55	0
2024	248	248	0	80	80	0	56	56	0
2025	254	254	0	82	82	0	58	58	0
2026	261	261	0	85	85	0	60	60	0
2027	269	269	0	87	87	0	61	61	0
2028	276	276	0	89	89	0	63	63	0
2029	284	284	0	92	92	0	65	65	0
2030	291	291	0	94	94	0	66	66	0
2031	299	299	0	79	59	(20) ²	58	55	(3)
2032	308	308	0	44	40	(4)	56	43	(13) ²
2033	192	116	(76) ²	45	41	(4)	31	28	(3)
2034	91	83	(8)	46	41	(5)	32	29	(3)
2035	93	84	(9)	47	42	(5)	32	29	(3)
2036	96	86	(10)	48	43	(5)	33	30	(3)

¹ Retirement contribution levels are projected to increase due to the fringe benefit impact of annual employee compensation increases. The contribution levels shown include contributions from the General Fund, Schools, and all other County funds.

² Larger savings reflect the employer contribution rate decreasing to the normal cost earlier than currently projected due to the accelerated funding of the unfunded liability.

Package B Projected Savings by Year
(Contributions from All Funds in Millions)

Fiscal Year	Employees'			Uniformed			Police Officers		
	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg B)	Diff.	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg B)	Diff.	Proj. Contrib. (Current) ¹	Proj. Contrib. (Pkg B)	Diff.
2018	\$185	\$185	\$0	\$68	\$68	\$0	\$44	\$44	\$0
2019	203	203	0	70	70	0	47	47	0
2020	218	218	0	72	72	0	51	51	0
2021	228	228	0	74	74	0	52	52	0
2022	235	235	0	76	76	0	53	53	0
2023	241	241	0	78	78	0	55	55	0
2024	248	248	0	80	80	0	56	56	0
2025	254	254	0	82	82	0	58	58	0
2026	261	261	0	85	85	0	60	60	0
2027	269	269	0	87	87	0	61	61	0
2028	276	276	0	89	89	0	63	63	0
2029	284	284	0	92	92	0	65	65	0
2030	291	291	0	94	94	0	66	66	0
2031	299	299	0	79	71	(8) ²	58	56	(2)
2032	308	308	0	44	42	(2)	56	48	(8) ²
2033	192	151	(41) ²	45	43	(2)	31	29	(2)
2034	91	87	(4)	46	44	(2)	32	30	(2)
2035	93	88	(5)	47	45	(2)	32	31	(1)
2036	96	90	(6)	48	46	(2)	33	31	(2)

¹ Retirement contribution levels are projected to increase due to the fringe benefit impact of annual employee compensation increases. The contribution levels shown include contributions from the General Fund, Schools, and all other County funds.

² Larger savings reflect the employer contribution rate decreasing to the normal cost earlier than currently projected due to the accelerated funding of the unfunded liability.